

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Robert Pacheco Analyst: Marion Mann DeJong Bill Number: AB 2487

Related Bills: See Prior Analysis Telephone: 845-6979 Amended Date: 04/11/2000

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** County Firearms Buyback Program Fund Donations Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 24, 2000, STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

Under the Revenue and Taxation Code, this bill would allow a credit equal to 15% of donations made to any county firearms buyback program fund.

Under the Penal Code, this bill would establish a Firearms Buyback Program. Under this program, a county could establish a firearms buyback program administered by the sheriff's department. The program would be funded by donations.

### SUMMARY OF AMENDMENTS

The April 11, 2000, and March 30, 2000, amendments made changes to the provisions relating to the firearms buyback program. The amendments did not impact the Revenue and Taxation Code provisions of the bill or the programs administered by the department. The department's analysis of the bill as introduced March 24, 2000, still applies. The policy and implementation considerations and Board position are reiterated below.

### POLICY CONSIDERATIONS

This bill would raise the following policy considerations:

- Ⓢ Conflicting tax policies come into play whenever a credit is provided for an expense item for which preferential treatment is already allowed in the form of a deduction. This new credit would have the effect of providing a double benefit for that charitable contribution deduction. On the other hand, making an adjustment to reduce the charitable contribution deduction in order to eliminate the double benefit creates a state and federal difference, which is contrary to the state's general conformity policy. In the case of a one-time deduction, the reduction of that expense would not create an ongoing difference.

### Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

### Legislative Director

### Date

Johnnie Lou Rosas

4/19/00

- Ⓟ This bill does not specify a repeal date or limit the number of years for the carryover. Credits typically are enacted with a repeal date to allow the Legislature to review their effectiveness. If a repeal date were provided and an unlimited credit carryover were allowed, the department would be required to retain the carryover on the tax forms indefinitely. Recent credits have been enacted with a carryover limit since experience shows credits are typically used within eight years of being earned.

#### IMPLEMENTATION CONSIDERATIONS

Implementing this bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the department's normal annual update.

The bill provides a credit for 15% of "amounts paid or incurred" for donations to a county Firearms Buyback Program Fund. The use of the term "paid or incurred" is confusing. According to the author's staff, the author intends the credit for a "cash donation" made by a taxpayer. Amendments 1 and 2 would clarify that the credit is for cash donations.

#### BOARD POSITION

Pending.

Marion Mann DeJong  
845-6979  
Patrick Kusiak

FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO AB 2487  
As Amended April 11, 2000

AMENDMENT 1

On page 3, modify lines 35 and 36 as follows:

amount equal to 15 percent of the amount ~~paid or incurred~~ of money donated by the taxpayer during the taxable year ~~for donations~~ to any

AMENDMENT 2

On page 4, modify lines 13 and 14 as follows:

equal to 15 percent of the amount ~~paid or incurred~~ of money donated by the taxpayer during the income year ~~for donations~~ to any county Firearms